

DEFERRED COMPENSATION PLAN SUMMARY	
Plan Description	The Deferred Compensation Plan is a written agreement between the employee and the City. It allows employees to defer and invest part of their wages, and not pay taxes on this money until the money is <u>received</u> . At that time, presumably, the employee will be in a lower tax bracket and will therefore pay less tax on the money than if it was received now in the employee's present tax bracket
Plan Advantages	The program also allows the interest on the employee's invested money to accumulate tax-free until the money is distributed to the employee. This deferral of taxes allows employees to invest more money than they could afford to invest if they used after-tax dollars for savings. It also allows the earnings on an employee's investment to accumulate faster than it would if it was taxed in the year it was earned. The complete text of the Deferred Compensation Plan can be found in Chapter 3.48 of the San Jose Municipal Code.
Investment of Your Deferred Wages	<p>The Deferred Compensation Advisory Committee manages the investments of deferred wages. This committee establishes contracts with companies offering appropriate investment vehicles. Employees may request that their money be invested in a particular area. However, the final determination of investment vehicles available at any given time is made at the sole discretion of the Advisory Committee.</p> <p>Employees' deferred income is placed in an account established for them with the administrator they have selected. All payroll deductions and interest earnings are credited to the account. All assets are held by the City in trust for the exclusive benefit of the participants and beneficiaries of the plan.</p>
Maximum Amount of Deferral	See the Contribution Limits chart for the annual maximum amount that may be deferred in the current calendar year. The minimum amount that may be deferred is \$25 per pay period.
How to Enroll	<ul style="list-style-type: none"> • Enroll on-line through the City's Intranet site only available within 30 days of hire: www.csj.gov/eway. No paper forms are required. • For individual appointments, brochures and program details, contact Deferred Compensation in Human Resources (City Hall Wing, 2nd Floor, 975-1465) or ING local office at (408) 881-0110. • Meet with the ING provider representative, who is available

	in City Hall every Wednesday from 9:00 to 3:00 and certain other locations at scheduled times. Call ING local office at (408) 881-0110 for the current schedule.
Deferred Income Investment Options	Employees have several choices for investing their deferred income. Contact Deferred Compensation at (408) 975-1465 or ING local office at (408) 881-0110 for details. Employees may transfer their money between investment options at any time.
Pre-Retirement Regular Catch-Up Provision	There is an exception to the maximum limitation rule. During the three (3) years before the year designated as the employee's normal retirement age, he/she may exceed the maximums described above in order to make up for years when he/she did not invest the maximum amount for which he/she was eligible. This is called the Regular Catch-Up Provision.
Catch-Up Rules	<p>The employee may defer the difference between what he/she was eligible to defer and what was actually deferred from January 1, 1979, to the present.</p> <ul style="list-style-type: none"> • A calculation is required to determine eligibility for this provision. Please contact Deferred Compensation in Human Resources (City Hall Wing, Second Floor, 975-1465) for further information. • The total annual deferral during the Catch-Up period may not exceed twice the normal annual contribution limit in effect for the current year. • This includes the maximum amount employees are allowed to defer during the current year, plus the eligible Catch-Up amount. • Regular Catch-Up can begin three years prior to normal retirement age. This provision may be used only once during your employment with the City.
Catch-Up Provision for Employees Aged 50+	Individuals who are currently age 50 or older, or who will turn age 50 in the calendar year, may contribute an additional amount to the annual maximum. See the Deferred Compensation Contribution Limits Chart for current amounts. Participants may not use this provision if they are using the Regular Catch-Up Provision
Catch-Up –Military Service	The Uniformed Service Employment and Re-employment Act of 1994 (USERRA) provides members of the uniformed service with certain rights regarding employment, retirement and pension benefits and health benefit coverage. USERRA

	<p>protects employees who leave for and return from uniformed service within a five-year period, including the reserves of any of the U.S. Armed Services, if certain requirements are met.</p> <p>If you wish to makeup missed contributions to your Deferred Compensation Account after returning to City employment contact the Deferred Compensation Office at 975-1465 immediately.</p>
Post-Retirement Earnings	<p>The employee's retirement account will continue to earn interest after retirement (unless all money in the fund was withdrawn in a lump sum at the time of retirement).</p> <p>If a "pre-selected period" pay-out is chosen, the enroller will calculate the projected growth of the account at anticipated interest rates based on the length of the pay-out period selected. This calculation will be used to establish the amount of the payments received from the account. Any excess earnings due to higher-than-anticipated interest returns after retirement will increase the payment amount received.</p> <p>If you choose a "pre-selected amount" pay-out, the amount of each payment will not change, but the length of the pay-out period may vary. Any excess earnings due to higher-than-anticipated interest returns after retirement will extend the number of payments you receive.</p>